

Message Text

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63

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 NEA-10 /111 W

----- 006401

R 071711Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 255

INFO ALL EC CAPITALS 1504

AMEMBASSY ANKARA

AMEMBASSY BERN

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

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E.O. 11652: N/A

TAGS: EEC, ENRG

SUBJECT: EC ENERGY POLICY AND MINIMUM SAFEGUARD PRICE

1. SUMMARY. THE EC COMMISSION IS DISCUSSING JAN 7 A DRAFT COUNCIL RESOLUTION TO IMPLEMENT A MINIMUM SAFEGUARD PRICE SCHEME. THE DRAFT RESOLUTION CALLS FOR AN MSP OF \$7 WHICH WOULD BE IMPLEMENTED WHEN THE AVERAGE PRICE OF RUDE FELL TO 50 CENTS BELOW THE MSP FOR 90 DAYS. THE COMMISSION WILL ALSO DISCUSS PROPOSALS FOR RATIONAL USE OF ENERGY, REVISED ENERGY OBJECTIVES FOR 1985 AND A MECHANISM TO SUPPORT COAL STOCKPILING. END SUMMARY.

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2. THE MSP PAPER UNDER CONSIDERATION IS ENTITLED "DEVELOPMENT OF THE GUIDELINES FOR ENERGY POLICY LAID DOWN BY THE ROME COUNCIL". IT IS BEING VERY CLOSELY HELD BY THE COMMISSION BUT WE UNDERSTAND THAT IT CALLS FOR COMMUNITY SOLIDARITY IN THE EVENT OF OIL SUPPLY DIFFICULTY, ENCOURAGEMENT OF ENERGY SAVINGS AND THE DEVELOPMENT AND PROTECTION OF ALTERNATIVE ENERGY RESOURCES.

3. IN CONNECTION WITH THE LAST POINT THE COMMISSION IS CONSIDERING A RESOLUTION UNDER WHICH THE COMMUNITY WOULD APPLY MEASURES TO INSURE THAT PETROLEUM OR PETROLEUM PRODUCTS IMPORTED FROM SOURCES OUTSIDE THE EC WOULD NOT BE SOLD BELOW AN AGREED PRICE WITHIN THE COMMUNITY. THE MSP WOULD BE ESTABLISHED AT \$7 BASED ON THE PRICE OF LIGHT ARABIAN CRUDE. A VARIABLE LEVY WOULD BE IMPLEMENTED WHEN THE AVERAGE PRICE OF CRUDE FELL MORE THAN 50 CENTS BELOW THE MSP FOR A PERIOD OF 90 DAYS AND WOULD BE DISCONTINUED WHEN THE AVERAGE PRICE HAD REMAINED ABOVE THE MSP FOR 90 DAYS. IT WOULD BE APPLIED ON A SHIPMENT BY SHIPMENT BASIS. THE LEVY WOULD EQUAL THE DIFFERENCE BETWEEN THE MINIMUM SAFEGUARD PRICE AND THE PRICE OF EACH SHIPMENT ADJUSTED BY THE TYPE OF CRUDE OR OIL PRODUCT INVOLVED USING ARABIAN LIGHT CRUDE AS A MARKER PRICE.

4. THE COMMISSION WILL ALSO CONSIDER PAPERS ON THE RATIONAL USE OF ENERGY INCLUDING FIVE PROPOSED RECOMMENDATIONS, A REPORT UPDATING THE COMMUNITY'S ENERGY OBJECTIVES FOR 1985 AND A PROPOSED MECHANISM TO SUPPORT COAL STOCKPILING BY THE COAL INDUSTRY. WE UNDERSTAND THAT THIS LAST POINT IS A GERMAN INITIATIVE.

5. COMMISSION SECRETARY GENERAL NOEL TOLD THE DCM ON JAN 6 THAT HE BELIEVED THAT THE FRENCH WOULD NOW AGREE TO THE PRINCIPLE OF THE MSP AND TO A SPECIFIC LEVEL BUT THAT THE QUESTION OF MODALITIES HAVE NOT YET BEEN AGREED ON AND IT WAS STILL POSSIBLE THAT THE COMMISSION'S APPARENT CURRENT PREFERENCE FOR A VARIABLE LEVY WOULD NOT WIN OUT IN THE END. HE EXPECTS A PROLONGED DEBATE AND DOES NOT ANTICIPATE THAT A COMMUNITY POSITION ON THIS POINT WILL BE NAILED DOWN BEFORE CONSIDERABLY MORE TIME HAS PASSED.

6. A UK SOURCE HAS TOLD US THAT THE BROAD OUTLINE OF THE DRAFT RESOLUTIONS DESCRIBED IN PARA 3 ARE ACCEPTABLE TO THE UK ALTHOUGH HMG WILL HAVE TO LOOK AT IT VERY CLOSELY AND WILL UNDOUBTEDLY HAVE CERTAIN MODIFICATIONS TO PROPOSE. HE TOO EXPECTS A PROLONGED LIMITED OFFICIAL USE

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DEBATE FOR, AS HE NOTED WRITING, AT THIS STAGE ANYTHING ACCEPTABLE TO HIS GOVERNMENT WOULD ALMOST CERTAINLY BE UNACCEPTABLE TO THE FRENCH. GREENWALD

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Draft Date: 07 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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